

CITY UNIVERSITY OF HONG KONG
香港城市大學

**Features of IFDI Operation in Ethiopia, Study
the Use of Imported Material and the Functions
of Expatriate to IFDI Performance on
Manufacturing Industries**

**埃塞俄比亞外資直接投資在製造業的經營情
況分析，使用進口原材料和引進海外專業人材
對經營效益的影響**

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Abstract

This thesis studies the role of imported raw materials and expatriates in the performance of inward foreign direct investments (IFDI) in Ethiopia. Imported raw materials can be considered as tangible resources, while expatriates are a kind of human resources and a conductor of intangible resources like knowledge and technique. This thesis applies two resources theories, Resources Dependence Theory (RDT) and Resource-Based View (RBV). RDT is used to explain the importance of tangible resources, in this case, the level of imported raw materials, to IFDI firms' performance. Whereas, RBV is applied to illustrate the function of human resources, expatriate deployment level in this thesis, on the performance of IFDI firms. This thesis further applies three factors of IFDI firms (ownership composition, export intensity and industry classification) as moderating variables to develop the hypothesis framework. For ownership composition, this thesis finds a stronger positive relationship between the dependence level of imported materials and company performance for the joint venture (J.V.) firms rather than the wholly-owned (W.O.) foreign firms; and the negative relationship between the level of expatriates to the company performance is stronger for J.V. firms than for W.O. subsidiaries. For export intensity, this thesis finds a stronger positive relationship between the dependence level of imported materials and company performance for firms targeting the international market rather than the firms focusing on the domestic market; and a stronger negative relationship between the level of expatriates to company performance for firms focusing on the domestic market rather than the export type firms. Lastly, this thesis divided all FDI firms into two groups, Industry 12 (manufacturing fabricated metal products except machinery and equipment) and the group of the remaining industries. This thesis finds a stronger positive

relationship between the dependence level of imported materials and company performance for firms in Industry 12 than the firms in all other industries, and a stronger negative relationship between the level of expatriates to the company performance for the firms in Industry 12 than the firms in all other industries. Finally, this thesis discusses the implications and limitations of these findings.